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SEVENTY-FIFTH REPORT

of the

Board of Directors

of the

Lehigh Valley Railroad Company

to the

Stockholders

For the Year Ended December 31, 1928.

Lehigh Valley Railroad Company

Board of Directors

JAMES F. BELL	EFFINGHAM B. MORRIS, JR.
MORRIS L. CLOTHIER	GEORGE T. SLADE
HENRY B. COXE	JOHN R. SPROUL
ALAN C. DODSON	ALFRED H. SWAYNE
FRED M. KIRBY	S. BRINCKERHOFF THORNE
EDWARD S. MOORE	HARRY C. TREXLER
EDWARD E. LOOMIS, Ex-Officio	

Officers

E. E. LOOMIS.....	PRESIDENT
J. A. MIDDLETON.....	VICE PRESIDENT—TRAFFIC
C. E. HILDUM.....	VICE PRESIDENT AND COMPTROLLER
G. H. FOSTER.....	VICE PRESIDENT—OPERATION
R. W. BARRETT.....	VICE PRESIDENT AND GENERAL COUNSEL
D. G. BAIRD.....	SECRETARY
A. F. BAYFIELD.....	TREASURER

1928

LEHIGH VALLEY RAILROAD COMPANY

Seventy-fifth Report

Philadelphia, Pa., February 15, 1929.

To the Stockholders of the Lehigh Valley Railroad Company:

The Board of Directors submits herewith its report for the year ended December 31, 1928.

INCOME

Total Operating Revenues		\$71,935,071.17
Total Operating Expenses		53,826,935.14
Net Operating Revenue.....		\$18,108,136.03
Railway Tax Accruals	\$3,677,543.47	
Uncollectible Railway Revenues	18,960.10	
Equipment Rents—Net	2,030,548.16	
Joint Facility Rents—Net	65,958.06	
		5,793,009.79
Net Railway Operating Income.....		\$12,315,126.24
Other Income		1,820,623.90
Total Income		\$14,135,750.14
Deductions from Income		7,489,243.11
Net Income		\$6,646,507.03

PROFIT AND LOSS

Balance, December 31, 1927.....		\$63,127,705.51
Transferred from Income		6,646,507.03
Miscellaneous Items—Net		2,626,825.60
		\$67,147,386.94
Dividends :—		
Regular 7% or \$3.50 per \$50 share—Common.....	\$4,235,119	
Regular 10% or \$5.00 per \$50 share—Preferred.....	10,630	
		4,245,749.00
Balance, December 31, 1928.....		\$62,901,637.94

A comparative income statement in detail will be found on page 8.

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LEHIGH VALLEY RAILROAD COMPANY

FINANCIAL

At the close of the year your Company held in its Treasury unpledged securities amounting to \$36,005,037.14, and, in addition, the following securities of its own issue :

General Consolidated Mortgage Bonds.....	\$25,400,000.00
Consolidated Real Estate Co. Bonds (assumed).....	2,600,000.00
	<hr/>
	\$28,000,000.00

Because of the large expenditures for additional facilities and equipment during the past few years General Consolidated 4% Mortgage Bonds to the extent of \$12,686,000 heretofore held in the treasury, were sold in January, 1928. The cost to the Company of this additional capital is 4.43 per cent.

Your Company has practically no maturities of outstanding obligations to meet for the next ten years, when an issue of \$8,500,000 becomes due, the refunding of which is provided for in the General Consolidated Mortgage.

Since September 30, 1903, the date of the General Consolidated Mortgage, expenditures of approximately \$72,000,000 have been made for Additions and Betterments to the property of your Company and for other capital purposes against which no new or additional securities have been issued.

The bonds of the Lehigh Valley Railroad Company and its subsidiaries in the hands of the public, as of December 31, 1928, amounted to \$138,675,000, an increase of \$12,686,000, compared with a year ago. The average interest rate is 4.56 per cent.

Your Company has no equipment trust obligations.

ROAD AND EQUIPMENT

Expenditures for Additions and Betterments to road and equipment during 1928, including expenditures on subsidiary properties, amounted to \$9,521,800.86.

Good progress was made in the construction of the new double track lift bridge across Newark Bay which your Company is building to meet government requirements of a structure which will provide thirty-five foot clearance above high water. The masonry work has been completed and installation of the steel work for the lift span commenced. The bridge, with its approaches, will be 3944 feet in length.

Revision of Oak Island Yards, Newark, necessitated by construction of the Newark Bay Bridge, is going forward. A total of 3,017,740 yards of material have been used in raising the new yards to the level of the new bridge. A new engine terminal, a freight transfer station with a platform nearly 1000 feet in length, and an office building, in connection with the new yards, have been completed and placed in service.

Important bridge work in progress at the end of the year at Frelinghuysen Avenue, Newark, and at Aldene is being pushed to completion. When these new bridges are finished, the Lehigh Valley will be able to use the heaviest type of locomotives over its entire main line, a factor which will serve to increase the efficiency of its operation and substantially reduce transportation costs.

The new double track tunnel through Musconetcong Mountain, just south of the existing tunnel, was completed and placed in service on November 26, 1928. The new tunnel is 4895 feet long and provides ample clearance for the largest locomotives and the highest car loads.

To serve a new plant of the International Combustion Engineering Corporation, the Raritan Branch of the Lehigh Valley, in the neighborhood of Perth Amboy, was extended nearly two miles in the direction of New Brunswick. It is probable this territory, adjacent to the Raritan River, will be utilized by other industries seeking the advantages it offers.

Because of the immediate demand for an enclosed platform for the unloading of automobiles in carload lots reaching the 149th Street terminal in the Borough of the Bronx, New York City, a building 220 feet long and 43 feet wide, of concrete and corrugated iron, was erected and placed in service.

LEHIGH VALLEY RAILROAD COMPANY

During the year crane facilities were installed at Newark and Wilkes-Barre for the handling of freight containers used in less carload merchandise traffic.

A system of electric car retarders was installed in the westbound classification yard at Coxton. This eliminates hand operation of brakes on cars classified by gravity, speeds up the operation, increases the capacity of the yard, and results in decreased costs.

Creosoted ties installed in track during the year totalled 236,712. Renewals averaged only 56 ties per track mile. This is the lowest average number of renewals in the history of the Company and is evidence of the economy resulting from the use of creosoted ties.

A total of 128 miles of new 136 lb. rail was placed in track during the year. The main line of this Company between Jersey City and Buffalo is now 91% equipped with this heavy rail.

Passenger equipment of your Company was increased by the addition of four steel dining cars, two steel club cars, three gas-electric motor cars and four trailers for use on motorized trains.

Floating equipment for use in New York Harbor was increased through the purchase of five new covered barges. A new steam lighter was ordered and will be delivered early in 1929.

GENERAL REMARKS

A falling off in freight and passenger traffic during the early months of the year made necessary a reduction in expenses that they might be brought into harmony with the lower earnings. The income account for the year indicates in some detail the degree to which this economy campaign was successful.

At the same time, as will be noted, the development program was continued, more than \$9,500,000 being expended upon additions and betterments to the Company's property. It is well equipped to meet all demands which may be made upon it and, as has been stated before, could handle an increased tonnage of from 35 to 50% without a corresponding increase in expenses.

The demand for anthracite improved in the latter part of the year and prospects at the beginning of 1929 are better than at any time in the recent past. Merchandise freight traffic also was better in the later months. In view of the fact that future passenger traffic probably will be confined largely to the longer haul business, your Company's efforts have been concentrated upon providing dependable service with a maximum of comfort for this class of travelers. For the short haul traffic, the bulk of which now uses private motor cars and busses, your Company has extended the use of motor equipment in place of steam trains, materially reducing the cost of such service.

Rapid growth of the Borough of the Bronx, New York City, as a distributing center, together with the demand for warehouse storage space with railroad service available, warranted the construction of a modern structure adjacent to the freight terminal of your Company at 149th Street and Harlem River. A twelve-story fireproof building, of concrete construction 227 feet long and 147 feet wide, located at 144th and 145th Streets and Gerard Avenue, entered by tracks from the float bridges of the terminal, is now building and will be ready for occupancy May 1, 1929. Space is being rented to concerns interested in obtaining storage at such a strategic location.

During the year, a total of 97 new industries, including 91 with direct track connections, were located where they will be served by the Lehigh Valley. More than four miles of new track were constructed to serve these industries.

Alan C. Dodson, of Bethlehem, and Effingham B. Morris, Jr., of Philadelphia, were elected directors of your Company in place of Henry S. Drinker and J. William Robbins. Former Governor William C. Sproul died March 21, 1928, and his son, John R. Sproul, was named to the Board.

Sincere thanks are extended to the Company's employees for their co-operation.

E. E. LOOMIS,
President.

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LEHIGH VALLEY RAILROAD COMPANY

GENERAL BALANCE SHEET

ASSETS		
INVESTMENTS:		
In road.....(See Note below)	\$39,081,577.00	.....
In equipment	72,642,466.54	.....
		\$111,724,043.54
Improvements on leased railway property.....		1,892,602.46
Miscellaneous physical property.....		113,648.10
Investments in affiliated companies:		
Stocks	\$53,520,803.28	.....
Bonds	20,856,130.00	.....
Advances	37,370,949.95	.....
		111,747,883.23
Other investments:		
Stocks	\$1,181,309.45	.....
Bonds	8,162,737.06	.....
Notes	97,788.13	.....
Miscellaneous	5,922.00	.....
		9,447,756.64
Total investments.....		234,925,933.97
CURRENT ASSETS:		
Cash	\$5,723,970.50	.....
Demand loans and deposits.....	1,000,000.00	.....
Special deposits	18,383.63	.....
Loans and bills receivable.....	2,441.65	.....
Traffic and car-service balances receivable.....	676,670.49	.....
Net balance receivable from agents and conductors.....	1,096,049.59	.....
Miscellaneous accounts receivable.....	1,230,482.60	.....
Material and supplies.....	5,158,289.68	.....
Interest and dividends receivable.....	123,617.28	.....
Rents receivable	10,340.38	.....
Other current assets.....	287,833.27	.....
Total current assets.....		15,328,079.07
DEFERRED ASSETS:		
Working fund advances.....	\$112,845.11	.....
Insurance and other funds.....	47,214.60	.....
Other deferred assets.....	902.29	.....
Total deferred assets.....		160,962.00
UNADJUSTED DEBITS:		
Rents and insurance premiums paid in advance.....	\$14,592.83	.....
Other unadjusted debits.....	3,309,420.67	.....
Total unadjusted debits.....		3,324,013.50
TOTAL ASSETS		\$253,738,988.54

NOTE:—The item Investment in Road represents only road property of Lehigh Valley Railroad Company proper (Phillipsburg, N. J., to Wilkes-Barre, Pa.). The total road and equipment investment of the system, including transportation subsidiaries, owned by your Company, is \$261,905,915.50.

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LEHIGH VALLEY RAILROAD COMPANY

DECEMBER 31, 1928

LIABILITIES		
STOCK:		
Common stock.....	\$60,501,700.00
Preferred stock.....	106,300.00	.....
Total stock outstanding.....		\$60,608,000.00
LONG-TERM DEBT:		
Funded debt.....	\$117,936,000.00	.....
Less—Funded debt held in treasury.....	28,000,000.00	.....
Total long-term debt outstanding.....		89,936,000.00
CURRENT LIABILITIES:		
Traffic and car-service balances payable.....	\$146,833.82	.....
Audited accounts and wages payable.....	5,047,645.80	.....
Miscellaneous accounts payable.....	301,830.21	.....
Interest matured unpaid.....	393,195.00	.....
Dividends matured unpaid.....	19,488.78	.....
Funded debt matured unpaid.....	14,000.00	.....
Unmatured dividends declared.....	1,061,437.25	.....
Unmatured interest accrued.....	609,981.67	.....
Unmatured rents accrued.....	513,824.74	.....
Other current liabilities.....	277,609.31	.....
Total current liabilities.....		8,385,846.58
DEFERRED LIABILITIES:		
Liability for provident funds.....	\$29,775.88	.....
Other deferred liabilities.....	305,593.70	.....
Total deferred liabilities.....		335,369.58
UNADJUSTED CREDITS:		
Tax liability.....	\$2,661,773.33	.....
Accrued depreciation—Equipment.....	26,496,468.42	.....
Other unadjusted credits.....	2,174,242.60	.....
Total unadjusted credits.....		31,332,484.35
CORPORATE SURPLUS:		
Additions to property through income and surplus.....	\$239,650.09	.....
Profit	62,901,637.94
Total corporate surplus.....		63,141,288.03
TOTAL LIABILITIES		\$253,738,988.54

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LEHIGH VALLEY RAILROAD COMPANY

INCOME STATEMENT

For the Years Ended December 31, 1928 and 1927

AVERAGE MILES OF ROAD OPERATED.....	1928	PER CENT. OF OPERATING REVENUES	1927	PER CENT. OF OPERATING REVENUES	INCREASE	DECREASE
.....	1,363.68	.....	1,363.85	.....	.....	.17
OPERATING REVENUES:						
Anthracite coal freight revenue.....	\$18,835,626.73	26	\$19,549,532.71	26		\$713,905.98
Bituminous coal freight revenue.....	1,568,046.14	2	1,572,855.69	2		4,809.55
Merchandise freight revenue.....	39,106,183.43	54	40,085,291.48	54		979,108.05
Passenger revenue.....	6,994,660.47	10	7,688,474.01	10		693,813.54
Mail revenue.....	339,950.22	..	319,521.19	..	\$20,429.03	
Express revenue.....	1,271,553.15	2	1,324,597.72	2		\$53,044.57
Other transportation revenue.....	2,751,054.37	4	2,667,068.47	4	83,985.90	
Incidental revenue.....	1,067,996.66	2	1,295,477.64	2		227,480.98
Total Operating Revenues.....	\$71,935,071.17	100	\$74,502,818.91	100		\$2,567,747.74
OPERATING EXPENSES:						
Maintenance of way and structures.....	\$6,428,685.44	9	\$8,310,465.64	11		\$1,881,780.20
Maintenance of equipment.....	14,535,724.53	20	16,880,947.63	23		2,345,223.10
Traffic expenses.....	1,628,520.92	2	1,632,773.69	2		4,252.77
Transportation expenses.....	29,019,793.11	40	30,276,911.62	41		1,257,118.51
Miscellaneous operations.....	1,397,130.94	1	1,443,648.83	1		46,517.89
General expenses.....	1,726,434.17	3	1,747,742.40	2		21,308.23
Transportation for investment—Cr.....	9,333.97	..	22,097.86	..	\$12,743.89	
Total Operating Expenses.....	\$53,826,935.14	75	\$59,270,391.95	80		\$5,443,456.81
NET OPERATING REVENUE.....	\$18,108,136.03		\$15,232,426.96		\$2,875,709.07	
DEDUCTIONS FROM REVENUE:						
Railway tax.....	\$3,677,543.47		\$3,473,511.60		\$204,031.87	
Uncollectible railway revenues.....	18,960.10		9,646.82		9,313.28	
Equipment rents—net.....	2,030,548.16		1,901,696.62		128,851.54	
Joint facility rents—net.....	65,938.06		11,804.59		54,133.47	
Net RAILWAY OPERATING INCOME.....	\$12,315,126.24		\$9,835,767.33		\$2,479,358.91	
OTHER INCOME:						
Misc. non-operating physical property.....	\$188,734.25		\$216,415.42			\$27,681.17
Separately income.....	241,218.13		253,490.92			12,272.79
Dividend income.....	461,559.33		423,928.94		\$37,630.39	
Income from funded securities.....	6,836,317		517,623.42		154,212.75	
Income from unfunded securities and accounts.....	189,091.29		147,437.45		41,653.84	
Miscellaneous income.....	68,184.73		76,901.80			8,717.07
Total Other Income.....	\$1,820,623.90		\$1,635,797.95		\$184,825.95	
Total Income.....	\$14,135,750.14		\$11,471,565.28		\$2,664,184.86	
DEDUCTIONS FROM INCOME:						
Rent for leased roads.....	\$2,345,833.57		\$2,352,458.96			\$6,625.39
Miscellaneous rents.....	350,620.06		347,047.03		\$3,573.03	
Miscellaneous tax accruals.....	441,559.42		340,260.99		101,292.43	
Interest on funded debt.....	4,020,739.04		3,527,415.00		493,344.44	
Interest on unfunded debt.....	16,738.00		409,814.89			393,076.89
Miscellaneous income charges.....	313,758.62		228,561.47		85,197.15	
Total Deductions from Income.....	\$7,489,243.11		\$7,205,558.34		\$283,684.77	
Net Income.....	\$6,646,507.03		\$4,266,006.94		\$2,380,500.09	

LEHIGH VALLEY RAILROAD COMPANY

Statement of Funded Debt, December 31, 1928

DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	IN TREASURY OF THE COMPANY	IN HANDS OF THE PUBLIC	INTEREST		
					RATE	PAYABLE	ACCRUED DURING THE YEAR
LEHIGH VALLEY RAILROAD COMPANY:							
First Mortgage Bonds.....	May 15, 1868	June 1, 1948	.....	\$5,000,000	4%	June and Dec.	\$200,000.00
Consolidated Mortgage Bonds.....	Nov. 13, 1873	{ Perpetual	.....	10,062,000	6%	June and Dec.	603,720.00
		{ Perpetual	.....	2,538,000	4½%	June and Dec.	114,210.00
*General Consolidated Mortgage Bonds.....	Sept. 30, 1903	May 1, 2003	.....	39,639,000	4%	May and Nov.	1,571,464.44
			\$1,000,000	20,697,000	4½%	May and Nov.	931,365.00
			24,400,000	12,000,000	5%	May and Nov.	600,000.00
CONSOLIDATED REAL ESTATE COMPANY:							
First Mortgage Bonds.....	Feb. 1, 1906	Feb. 1, 1956	.....	.....	4%	Feb. and Aug.	.....
Total Funded Debt and Interest.....			\$28,000,000	\$89,936,000	.....	.....	\$4,020,759.44

* Amount of authorized issue, \$150,000,000.

† Excludes interest on securities in the Treasury.

Guaranties and Rentals, Year Ended December 31, 1928

GUARANTIES	DATE OF ISSUE	DATE OF MATURITY	IN HANDS OF THE PUBLIC	GUARANTIES AND RENTALS		
				RATE	PAYABLE	ACCRUED DURING THE YEAR
ENTIRE CAPITAL STOCK OWNED:						
Lehigh Valley Terminal Railway Co., First Mortgage Bonds.....	Oct. 1, 1891	Oct. 1, 1941	\$9,999,000	5%	April and Oct.	\$499,950.00
Easton & Northern Railroad Co., First Mortgage Bonds.....	Oct. 7, 1895	Nov. 1, 1935	50,000	4½%	May and Nov.	2,250.00
			4,000,000	5%	April and Oct.	200,000.00
Penna. & N. Y. Canal & Railroad Co., Consolidated Mortgage Bonds.	Nov. 13, 1888	April 1, 1939	1,500,000	4½%	April and Oct.	67,500.00
			3,000,000	4%	April and Oct.	120,000.00
The Lehigh Valley Rail Way Co., First Mortgage Bonds.....	June 23, 1890	July 1, 1940	15,000,000	4½%	Jan. and July	675,000.00
The Lehigh Valley Rail Way Co., Mortgage on Mott Haven Property, N. Y. City.....	June 29, 1926	June 29, 1931	.....	5%	June and Dec.	3,227.46
Middlesex Valley Railroad Co., First Mortgage Bonds.....	Aug. 26, 1892	Nov. 1, 1942	190,000	5%	May and Nov.	9,500.00
The Lehigh & Lake Erie Railroad Co., First Mortgage Bonds.....	Mar. 1, 1907	Mar. 1, 1957	3,000,000	4½%	Mar. and Sept.	135,000.00
Lehigh Valley Harbor Terminal Railway Co., First Mortgage Bonds.	Feb. 1, 1924	Feb. 1, 1954	10,000,000	5%	Feb. and Aug.	500,000.00
MAJORITY CAPITAL STOCK OWNED:						
Lehigh & New York Railroad Co., First Mortgage Bonds.....	Aug. 24, 1895	Sept. 1, 1945	2,000,000	4%	Mar. and Sept.	80,000.00
Total			\$48,739,000	.....	.....	\$2,292,427.46
RENTALS—LINES NOT OWNED:						
State Line and Sullivan Railroad Co.....						40,000.00
Raritan Terminal and Transportation Co.....						2,000.00
New York Central Railroad Co.....						11,406.11
Total Interest and Rentals.....						\$2,345,833.57

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LEHIGH VALLEY RAILROAD COMPANY

ADDITIONS AND BETTERMENTS, ENTIRE SYSTEM, YEAR ENDED

DECEMBER 31, 1928

	EXPENDITURES AND CHARGES	RETIREMENTS	NET AMOUNT
Engineering	\$79,992.82	\$1,021.25	\$78,971.57
Land for transportation purposes.....	178,967.26	11,239.69	167,727.57
Grading	1,940,690.45	85,664.62	1,855,025.83
Tunnels and subways.....	1,460,852.25	.....	1,460,852.25
Bridges, trestles and culverts.....	1,301,969.03	4,982.67	1,296,986.36
Ties	128,365.50	29,956.05	98,409.45
Rails	316,011.82	29,615.86	286,395.96
Other track material.....	414,639.88	15,357.41	399,282.47
Ballast	138,581.29	4,026.24	134,555.05
Track laying and surfacing.....	175,766.27	18,262.13	157,504.14
Right-of-way fences	127.47	372.99	245.52
Crossings and signs.....	75,677.01	1,037.63	74,639.38
Station and office buildings.....	491,254.76	36,357.81	454,896.95
Roadway buildings.....	71,472.71	240.88	71,231.83
Water stations.....	30,565.37	570.00	29,995.37
Fuel stations.....	12,975.27	.....	12,975.27
Shops and engine houses.....	26,205.60	24,450.76	1,754.84
Grain elevators.....	8,731.88	.....	8,731.88
Wharves and docks.....	377,471.49	.....	377,471.49
Coal and ore wharves.....	22,866.21	.....	22,866.21
Telegraph and telephone lines.....	43,883.12	101.47	43,781.65
Signals and interlockers.....	337,697.57	2,841.90	334,855.67
Power transmission systems.....	2,933.78	.....	2,933.78
Power distribution systems.....	12,057.19	.....	12,057.19
Power line poles and fixtures.....	17,342.91	.....	17,342.91
Miscellaneous structures.....	6,899.23	.....	6,899.23
Roadway machines.....	1,265.00	59,077.67	57,812.67
Assessments for public improvements.....	1,771.08	.....	1,771.08
Other expenditures—road.....	17,894.67	.....	17,894.67
Shop machinery.....	59,637.63	28,604.34	31,033.29
Power plant machinery.....	1,939.05	4,019.09	2,080.04
Power sub-station apparatus.....	.....	1,664.93	1,664.93
Steam locomotives.....	530,866.18	1,448,091.47	917,225.29
Freight train cars.....	224,643.68	1,627,684.15	1,403,040.47
Passenger train cars.....	439,960.75	3,505.50	436,455.25
Motor equipment of cars.....	114,072.05	.....	114,072.05
Floating equipment.....	200,587.37	2,575.00	198,012.37
Work equipment.....	30,845.00	181,586.35	150,741.35
Miscellaneous equipment.....	3,791.00	3,110.15	680.85
General expenditures.....	220,529.26	220,529.26
Total	\$9,521,800.86	\$3,626,018.01	\$5,895,782.85

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LEHIGH VALLEY RAILROAD COMPANY

General Operating Results for the Years Ended December 31, 1928 and 1927

	1928	1927	INCREASE OR Decrease	PER CENT.
TRAIN AND LOCOMOTIVE MILEAGE				
Revenue freight train miles—locomotive.....	6,550,122	6,788,408	238,286	3.51
Revenue passenger train miles—locomotive.....	2,730,807	3,044,958	314,151	10.32
Revenue milk and express train miles—locomotive.....	952,124	942,754	9,370	.99
Revenue mixed train miles—locomotive.....	104,581	100,734	3,847	3.82
Revenue special train miles—locomotive.....	2,685	6,708	4,023	59.97
Total revenue service train miles—locomotive.....	10,340,319	10,883,562	543,243	4.99
Revenue freight train miles—motor.....	1,020	1,188	168	14.14
Revenue passenger train miles—motor.....	998,595	767,633	230,962	30.09
Revenue mixed train miles—motor.....	19,620	40,455	20,835	51.50
Total revenue service train miles—motor	1,019,235	809,276	209,959	25.94
Total revenue service train miles	11,359,554	11,692,838	333,284	2.85
Helping and light freight locomotive miles.....	1,458,711	1,509,693	50,982	3.38
Helping and light passenger locomotive miles.....	437,270	576,995	139,725	24.22
Helping and light mixed locomotive miles.....	3,767	3,500	267	7.63
Helping and light special locomotive miles.....	535	1,036	501	48.36
Total revenue service locomotive miles, excluding switching and motor	12,240,602	12,974,786	734,184	5.66
Switching locomotive miles.....	5,277,040	5,560,405	283,365	5.10
Total revenue service locomotive miles, excluding motor	17,517,642	18,535,191	1,017,549	5.49
Non-revenue service locomotive miles.....	583,013	773,056	190,043	24.58
Per cent. helping and light of revenue service locomotive miles, excluding switching and motor.....	15.52	16.12	.60	3.72
CAR MILEAGE				
Freight car mileage—loaded	208,941,207	208,907,659	33,548	.02
Freight car mileage—empty	115,760,237	118,636,462	2,876,225	2.42
Freight car mileage—caboose	7,022,852	7,168,173	145,321	2.03
Total freight car miles.....	331,724,296	334,712,294	2,987,998	.89
Average number of loaded freight cars per train.....	31.43	30.30	1.13	3.73
Average number of empty freight cars per train.....	17.41	17.20	.21	1.22
Average number of all freight cars per train.....	48.84	47.50	1.34	2.82
Per cent. loaded of total car miles.....	62.98	62.41	.57	.91
Per cent. empty of total car miles.....	34.90	35.45	.55	1.55
Per cent. caboose of total car miles.....	2.12	2.14	.02	.93
Passenger car miles—including Pullman.....	19,001,467	19,572,083	570,616	2.92
Baggage, dining, mail, express and milk car miles.....	17,155,051	16,963,692	191,359	1.13
Total passenger car miles.....	36,156,518	36,535,775	379,257	1.04
Average number of passenger train cars per passenger train.....	7.69	7.65	.04	.52
Special revenue service car miles.....	39,071	60,475	21,404	35.39
Non-revenue service car miles.....	825,601	1,159,401	333,800	28.79

1928

LEHIGH VALLEY RAILROAD COMPANY

General Traffic Results for the Years Ended December 31, 1928 and 1927

	1928	1927	INCREASE OR Decrease	PER CENT.
Average miles of road operated.....	1,363.68	1,363.85	.17	.01
FREIGHT TRAFFIC				
Tons of revenue freight carried.....	29,522,290	29,989,190	466,900	1.56
Tons of company freight carried.....	2,551,233	2,758,434	207,201	7.51
Tons of all freight carried.....	32,073,523	32,747,624	674,101	2.06
Tons of revenue coal carried one mile.....	1,685,250,116	1,687,562,596	2,312,480	.14
Tons of revenue merchandise carried one mile.....	3,452,424,039	3,575,340,783	122,916,744	3.44
Tons of company freight carried one mile.....	172,460,925	179,122,377	6,661,452	3.72
Tons of all freight carried one mile.....	5,310,135,080	5,442,025,756	131,890,676	2.42
Tons of revenue freight carried one mile per mile of road.....	3,767,507	3,858,858	91,351	2.37
Average distance revenue freight carried—in miles.....	174.03	175.49	1.46	.83
Revenue from freight.....	\$59,509,856.30	\$61,207,679.88	\$1,697,823.58	2.77
Average revenue per ton carried	\$2.01-576	\$2.04-099	\$.02-523	1.24
Average revenue per ton per mile—in cents.....	1.158	1.163	.005	.43
Freight revenue per mile of road operated.....	\$43,639.16	\$44,878.60	\$1,239.44	2.76
Freight revenue per revenue freight train mile.....	\$8.94-607	\$8.86-619	\$.07-988	.90
Tons of revenue freight per revenue freight train.....	772.34	762.35	9.99	1.31
Tons of all freight per revenue freight train.....	798.27	788.30	9.97	1.26
Tons of all freight hauled per revenue service locomotive, excluding switching miles.....	654.18	647.68	6.50	1.00
Average number of tons of all freight in each loaded car.....	25.41	26.05	.64	2.46
PASSENGER TRAFFIC				
Revenue passengers carried	2,980,387	3,354,078	373,691	11.14
Revenue passengers carried one mile	237,376,743	260,220,170	22,843,427	8.78
Revenue passengers carried one mile per mile of road.....	174,071	190,798	16,727	8.77
Average distance carried—in miles.....	79.65	77.58	2.07	2.67
Revenue from passengers.....	\$6,994,660.47	\$7,688,474.01	\$693,813.54	9.02
Average revenue per passenger—in cents.....	234.690	229.228	5.462	2.38
Average revenue per passenger per mile—in cents.....	2.947	2.955	.008	.27
Average revenue from passengers per passenger train mile (excluding milk and express).....	\$1.86-391	\$2.00-227	\$.13-836	6.91
Passenger service train revenue	\$10,455,501.73	\$11,231,433.96	\$775,932.23	6.91
Passenger service train revenue per mile of road.....	\$7,667.12	\$8,235.09	\$567.97	6.90
Passenger service train revenue per train mile (including milk and express).....	\$2.22-230	\$2.34-838	\$.12-608	5.37
Average revenue passengers per car	12	13	1	7.69
Average revenue passengers per train (including mixed).....	63	68	5	7.35
REVENUES AND EXPENSES				
Freight and passenger revenue.....	\$66,504,516.77	\$68,896,153.89	\$2,391,637.12	3.47
Freight and passenger revenue per mile of road.....	\$48,768.42	\$50,515.93	\$1,747.51	3.46
Total operating revenues.....	\$71,935,071.17	\$74,502,818.91	\$2,567,747.74	3.45
Total operating revenues per mile of road.....	\$52,750.70	\$54,626.84	\$1,876.14	3.43
Operating expenses	\$53,826,935.14	\$59,270,391.95	\$5,443,456.81	9.18
Ratio of operating expenses to operating revenues.....	74.82%	79.55%	4.73%	5.95
Operating expenses per mile of road.....	\$39,471.82	\$43,458.14	\$3,986.32	9.17
Net operating revenue	\$18,108,136.03	\$15,232,426.96	\$2,875,709.07	18.88
Net operating revenue per mile of road.....	\$13,278.88	\$11,168.70	\$2,110.18	18.89

1928

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1928 and 1927

COMMODITIES	1928		COMMODITIES	1927	
	TONS	PER CENT.		TONS	PER CENT.
PRODUCTS OF AGRICULTURE:					
Wheat	351,804	1.19	Wheat	549,197	1.83
Corn	137,190	.47	Corn	123,791	.41
Oats	109,900	.37	Oats	112,233	.37
Barley and rye.....	109,316	.37	} Other grain.....	216,552	.72
Rice	644	.00			
Grain, N.O.S.....	20,277	.07	} Flour and meal.....	906,101	3.02
Flour, wheat.....	835,028	2.83			
Meal, corn.....	11,815	.04	} Other mill products.....	369,988	1.23
Flour and meal, edible, N.O.S.....	23,938	.08			
Cereal food preparations, edible, N.O.S.....	51,099	.17	} Hay, straw and alfalfa.....	138,736	.46
Mill products, N.O.S.....	200,049	.68			
Hay and alfalfa.....	162,336	.55	Tobacco	7,051	.02
Straw	6,641	.02	} Cotton	55,508	.19
Tobacco, leaf.....	7,033	.03			
Cotton in bales.....	30,201	.10	} Cottonseed and products, except oil.....	8,237	.03
Cotton linters, noils, and regins.....	1,982	.01			
Cottonseed	335	.00	} Citrus fruits.....	17,172	.06
Cottonseed meal and cake.....	15,102	.05			
Oranges and grapefruit.....	9,826	.03	} Other fresh fruits.....	102,720	.34
Lemons, limes, and citrus fruits, N.O.S.....	4,300	.01			
Apples, fresh.....	19,584	.07	} Potatoes	37,941	.13
Bananas	17,084	.06			
Berries, fresh.....	1,163	.01	} Other fresh vegetables.....	74,920	.25
Cantaloupes and melons, N.O.S.....	11,787	.04			
Grapes, fresh.....	47,668	.16	} Dried fruits and vegetables.....	11,926	.04
Peaches, fresh.....	742	.00			
Watermelons	261	.00	} Other products of agriculture.....	100,602	.34
Fruits, fresh, domestic, N.O.S.....	9,194	.03			
Fruits, fresh, tropical, N.O.S.....	1,472	.01			
Potatoes, other than sweet.....	42,113	.14			
Cabbage	22,613	.08			
Onions	16,881	.06			
Tomatoes	6,071	.02			
Vegetables, fresh, N.O.S.....	33,696	.11			
Beans and peas, dried.....	11,875	.04			
Fruits, dried or evaporated.....	5,948	.02			
Vegetables, dry, N.O.S.....	2,638	.01			
Vegetable-oil cake and meal, except cottonseed.....	9,622	.03			
Peanuts	880	.00			
Flaxseed	1,256	.01			
Sugar beets.....	80	.00			
Products of agriculture, N.O.S.....	104,007	.35			
Total	2,455,451	8.32		2,832,675	9.44

The Interstate Commerce Commission, effective January 1st, 1928, changed the classification of commodities which carriers were required to keep and the 1927 figures above have been revised as far as possible for the purpose of comparison. N. O. S. means "Not otherwise specified."

1928

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1928 and 1927

COMMODITIES	1928		COMMODITIES	1927	
	TONS	PER CENT.		TONS	PER CENT.
ANIMALS AND PRODUCTS:					
Horses, mules, ponies, and asses.....	1,086	.00	Horses and mules.....	914	.00
Cattle and calves, single-deck.....	23,024	.08	{ Cattle and calves.....	27,542	.09
Calves, double-deck.....	11	.00		{ Sheep and goats.....	1,122	.00
Sheep and goats, single-deck	1,487	.01	{ Hogs		25,207	.09
Sheep and goats, double-deck	357	.00		{ Fresh meats.....	162,581	.54
Hogs, single-deck	3,734	.01	{ Other packing-house products.....		98,635	.33
Hogs, double-deck	23,641	.08		{ Poultry	27,856	.09
Fresh meats, N.O.S.....	178,391	.60	{ Eggs		31,550	.11
Meats, cured, dried or smoked.....	47,036	.16		{ Butter and cheese.....	50,427	.17
Butterine and margarine.....	2,364	.01	{ Wool		9,566	.03
Packing-house products, edible, N.O.S., not including				{ Hides and leather.....	42,786	.14
canned meats	70,987	.24	{ Other animals and products.....		16,406	.06
Poultry, live	1,292	.01			494,592	1.65
Poultry, dressed	25,926	.09			
Eggs	39,306	.13			
Butter	38,194	.13			
Cheese	9,876	.03			
Wool	13,526	.05			
Hides, green.....	23,023	.08			
Leather	11,839	.04			
Fish or sea-animal oil.....	3,312	.01			
Animals, live, N.O.S.....	714	.00			
Animal products, N.O.S. (other than fertilizers and					
fertilizer materials)	24,107	.08			
Total	543,233	1.84			
PRODUCTS OF MINES:					
Anthracite Coal.....	10,934,799	37.04	Anthracite coal.....	11,309,238	37.71
Bituminous Coal.....	1,875,258	6.35	Bituminous coal.....	1,916,219	6.39
Coke	130,178	.44	Coke	98,238	.33
Iron ore.....	955,094	3.24	Iron ore.....	988,416	3.30
Copper ore and concentrates.....	1,396	.00	{ Other ores and concentrates.....	28,568	.09
Lead ore and concentrates.....	691	.00		{ Clay, gravel, sand and stone.....	1,803,188	6.01
Zinc ore and concentrates.....	959	.00	{ Crude petroleum.....		391	.00
Ores and concentrates, N.O.S.....	12,595	.04		{ Asphaltum	168,888	.56
Gravel and sand (other than glass or moulding).....	879,928	2.98	{ Salt		322,920	1.08
Stone, broken, ground or crushed.....	383,300	1.30		{ Other products of mines.....	47,441	.16
Stone, rough, N.O.S.....	48,860	.17			
Stone, finished, N.O.S.....	21,528	.07			
Petroleum, crude.....	3,683	.01			
Asphalt, (natural, by-product, or petroleum).....	175,663	.60			
Salt	305,808	1.04			
Phosphate rock, crude (ground or not ground).....	3,930	.01			
Sulphur, (brimstone).....	10,920	.04			
Products of mines, N.O.S.....	455,068	1.54			
Total	16,199,658	54.87		16,683,507	55.63

1928

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1928 and 1927

COMMODITIES	1928		COMMODITIES	1927	
	Tons	PER CENT.		Tons	PER CENT.
PRODUCTS OF FORESTS:					
Logs	8,128	.03	} Logs, posts, poles and cord wood.....	105,817	.35
Posts, poles and piling.....	106,588	.36			
Wood, (fuel).....	1,120	.00	} Ties	3,199	.01
Ties, railroad.....	17,892	.06			
Pulp wood.....	1,980	.01	} Pulp wood.....	2,804	.01
Lumber, shingles, and lath.....	397,059	1.34			
Box, crate, and cooperage materials.....	22,508	.08	} Lumber, timber, box shooks, staves and headings	460,342	1.54
Veneer and built-up wood.....	903	.00			
Rosin	6,404	.02	} Other products of forests.....	50,255	.17
Turpentine	293	.00			
Crude rubber (not reclaimed).....	25,862	.09			
Products of forests, N.O.S.....	56,208	.19			
Total	644,945	2.18		622,417	2.08
MANUFACTURES AND MISCELLANEOUS:					
Petroleum oils, refined, and all other gasolines.....	657,346	2.23	} Refined petroleum and its products.....	873,484	2.91
Fuel, road, and petroleum residual oils, N.O.S.....	114,466	.39			
Lubricating oils and greases.....	150,090	.51	} Vegetable oils.....	26,346	.09
Petroleum products, N.O.S.....	11,276	.04			
Cottonseed oil.....	6,961	.02	} Sugar, syrup, glucose and molasses.....	153,163	.51
Linseed oil.....	6,432	.02			
Vegetable oils, N.O.S.....	7,872	.03	} Iron, pig and bloom.....	254,413	.85
Sugar (beet or cane).....	96,175	.33			
Table syrups and edible molasses.....	8,413	.03	} Rails and fastenings.....	38,331	.13
Molasses, blackstrap and beet residual.....	10,537	.04			
Iron, pig.....	231,328	.78	} Bar and sheet iron, structural iron and iron pipe.....	882,217	2.94
Iron and steel, rated 6th class in official classification, N.O.S.	76,647	.26			
Rails, fastenings, frogs, and switches.....	25,890	.09	} Other metals, pig, bar and sheet.....	156,198	.52
Cast-iron pipe and fittings.....	62,144	.21			
Iron and steel pipe and fittings, N.O.S.....	81,408	.28	} Castings, machinery and boilers.....	153,208	.51
Iron and steel nails and wire, not woven.....	63,836	.22			
Iron and steel, rated 5th class in official classification, N.O.S. (also tin and terne plate).....	975,719	3.31	} Cement	1,856,024	6.19
Copper, ingot, matte, and pig.....	57,043	.19			
Copper, brass, and bronze—bar, sheet, and pipe.....	14,873	.05	} Brick and artificial stone.....	236,102	.79
Lead and zinc, ingot, pig, or bar.....	95,587	.32			
Aluminum, ingot, pig, or slab.....	2,712	.01			
Machinery and boilers.....	166,928	.57			
Cement, natural or Portland, building.....	1,775,202	6.01			
Brick, common.....	63,078	.21			
Brick, N.O.S., and building tile.....	136,749	.46			
Artificial stone, N.O.S.....	13,623	.05			

1928

LEHIGH VALLEY RAILROAD COMPANY

Classification of Tonnage for the Years Ended December 31, 1928 and 1927

COMMODITIES	1928		COMMODITIES	1927	
	TONS	PER CENT.		TONS	PER CENT.
MANUFACTURES AND MISCELLANEOUS (Continued):					
Lime, common (quick or slack).....	50,012	.17	} Lime and plaster.....	90,556	.30
Plaster (stucco or wall) and dry kalsomine.....	30,398	.10		26,409	.09
Sewer pipe and drain tile (not metal).....	34,715	.12	} Agricultural implements and vehicles other than automobiles.....	54,512	.18
Agricultural implements and parts, N.O.S.....	52,025	.18			
Vehicles, horse-drawn, and parts, N.O.S.....	1,106	.00			
Tractors and parts.....	30,963	.10			
Railway car wheels, axles, and trucks.....	6,787	.02	} Automobiles and autotrucks.....	316,992	1.06
Automobiles (passenger).....	192,320	.65			
Autotrucks.....	11,396	.04	} Furniture, new.....	32,496	.11
Automobiles and autotrucks, K. D.* and parts, N.O.S.....	249,080	.84		24,745	.08
Automobile and autotruck tires.....	11,798	.04	Beverages.....	107,603	.36
Furniture, metal.....	6,504	.02	Ice.....	65,230	.22
Furniture, other than metal.....	30,119	.10	} Fertilizers, all kinds.....	53,383	.18
Beverages.....	19,176	.06		326,908	1.09
Ice.....	105,611	.36	} Paper, printed matter and books.....	11,854	.04
Fertilizers, N.O.S.....	120,541	.41		150,842	.50
Newsprint paper.....	50,423	.17	} Chemicals and explosives.....		
Printing paper, N.O.S.....	42,119	.14			
Alcohol, denatured or wood.....	24,598	.08	} Textiles.....		
Sulphuric acid.....	15,593	.05			
Explosives, N.O.S.....	13,675	.05	} Canned goods (all canned food products). Other manufactures and miscellaneous....	2,756,642	9.19
Cotton cloth and cotton fabrics, N.O.S.....	5,897	.02			
Bagging and bags, burlap, gunny, or jute.....	9,605	.03			
Canned food products, N.O.S.....	188,797	.64			
Tobacco, manufactured products.....	3,362	.01			
Paints in oil and varnishes.....	33,350	.11			
Furnace slag.....	64,060	.22			
Scrap iron and scrap steel.....	352,031	1.19			
Paper bags and wrapping paper.....	34,505	.12			
Paperboard, pulpboard, and wallboard (paper).....	21,019	.07			
Building paper and prepared roofing materials.....	105,849	.36			
Building woodwork (millwork).....	16,690	.06			
Soap and washing compounds.....	29,500	.10			
Glass, flat, other than plate.....	5,940	.02			
Glass, bottles, jars, and jelly glasses.....	46,554	.16			
Manufactures and miscellaneous, N.O.S.....	2,037,193	6.90			
Total.....	8,965,646	30.37		8,647,658	28.84
Grand Total, Carload Traffic.....	28,808,933	97.58		29,280,849	97.64
All L.C.L. Freight.....	713,357	2.42		708,341	2.36
Grand Total Carload and L.C.L. Traffic.....	29,522,290	100.00		29,989,190	100.00

*Knocked down.

LEHIGH VALLEY RAILROAD COMPANY

GENERAL REMARKS TO RAILROAD STOCKHOLDERS

The prediction at the beginning of 1928 that there was reason to view with optimism the year then beginning seems well borne out by the facts. Business at that time was not satisfactory, but there was progressive improvement throughout the year and during the last few months, except in a few particular lines, it approached normal conditions.

At the beginning of 1929, however, so far as the railroads are concerned, the situation is somewhat involved. While business generally has no cause for worry, the railroad industry must view with concern the fact that its revenues are being whittled away through steady pressure upon the Interstate Commerce Commission by shipping interests for rate reductions, as well as by competition among the carriers themselves for temporarily increased tonnages. The railroad companies as a whole have never earned the fair return upon their investment promised them by the Transportation Act and a continued loss of revenue, due to rate reductions, complicated by diversions of material quantities of their freight traffic to other methods of transportation, does not make the prospect particularly encouraging. Yet, if the National rail system is to continue to meet the demands of our commerce it must enjoy adequate revenues that it may obtain needed capital at reasonable rates to keep its plant modern and up-to-date in every respect.

Fast and dependable transportation is necessary if we are to have prosperity. The kind of transportation the country will get in the future will depend largely upon the condition of the railroads and that will depend mainly on the treatment they are accorded.

The immediate future of the railroads, in this respect, is closely related to legislative developments. Dangers in this connection may be listed as follows:

Additional waterway legislation adversely affecting the railroads, both as freight carriers and as taxpayers.

Tinkering with the Transportation Act, while the present unworkable provisions with respect to consolidation are being corrected.

Political rate making which would take needed revenues from the railroads. A case in point is that of the proposed abolition of the Pullman surcharge, which the Commission, after a thorough investigation, has held fair and reasonable.

Regional representation in the membership of the Interstate Commerce Commission, or continued Senatorial application of political tests to men named by the President for that body, either of which would seriously endanger its integrity.

If the railroads are left reasonably free from the unwarranted attentions of the lawmakers and the Commission is given a free hand in its endeavor to insure them the fair return on the value of their properties as provided by law, 1929 should be a year of satisfactory results.

E. E. LOOMIS,
President.

1928

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